



ITGU-OWS-38-WB

DATE: October 29, 2001

SESA ISSUANCE NO.: 02-02

SUBJECT: Application of State-Wide Personnel Actions, Including Hiring Freezes, to the Unemployment Insurance (UI) Program

1. **Purpose:** To restate the Department of Labor's position on the application of state-wide personnel actions, including hiring freezes, to the Unemployment Insurance (UI) program.

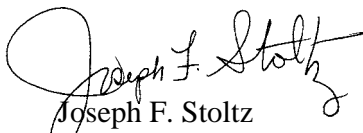
2. **Discussion:** With the recent decline in economic activity and related increase in unemployment, programs to assist the unemployed become of more importance. Unemployment Insurance not only provides partial wage replacement to unemployed individuals but also serves as a counter-cyclical economic tool. However, because of the particularly good economic conditions of the last decade, accompanied by low levels of unemployment claims, many state unemployment programs received reduced administrative funding, resulting in reduced staffing levels.

Under current economic conditions, businesses and government are looking for ways to reduce spending. Some state governments have instituted or are considering implementing hiring freezes. On the other hand, rising unemployment brings additional federal UI administrative funds to states to administer the UI program at a time when it is most needed. Additionally, Congress is now considering economic stimulus proposals which include a possible extension of UI; such an extension would provide additional administrative resources.

In view of the above, State hiring freezes should not apply to the UI program to the extent that federal administrative funds are available to provide UI services to unemployed workers and businesses. Unemployment Insurance Program Letter No. 09-98, copy attached, states the official position of the Department of Labor on the application of state-wide personnel actions, including hiring freezes, to the UI program.

3. **Action Requested:** State Employment Security Agency (SESA) Administrators are requested to keep the ETA regional office apprized of any hiring freezes which apply to the UI program. Please include an assessment of the impact on performance and the ability to handle workloads.

5. **Inquiries:** For additional information, contact your UI Federal Representative or Walter Baran on 617-565-2219.


Joseph F. Stoltz
Regional Director
for Workforce Security

Attachment